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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000173

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TAGS: [PREL](#) [PGOV](#) [CH](#) [TW](#)

SUBJECT: CROSS-STRAIT NEGOTIATIONS: STATE OF PLAY THROUGH
TAIWAN EYES

REF: A. 2006 TAIPEI 1139

[1](#)B. 2006 TAIPEI 2618

[1](#)C. 2006 TAIPEI 4063

[1](#)D. TAIPEI 0090

Classified By: AIT Director Stephen M. Young. Reason(s):
1.4 (B/D)

[1](#)1. (C) Summary. Mainland Affairs Council Chairman Joseph Wu told the Director that negotiations are going well on expanding PRC tourism to Taiwan, the next step in cross-strait exchanges after last June's landmark festival charter flight agreement. Wu then expects the two sides to focus on direct passenger and cargo charter flights, with regular weekend passenger charter flights a possible first step. Explaining that PRC cooperation with Taiwan on criminal matters has been "random," Wu expressed frustration that Beijing would not repatriate Taiwan businessman Wang You-theng, who is suspected of financial crimes in Taiwan. Wu also plans to visit Washington, D.C., February 6-9, where he hopes to meet with U.S. officials. End Summary.

[1](#)2. (C) Mainland Affairs Council (MAC) Chairman Joseph Wu (Jaushieh), accompanied by MAC Secretary-General Jan Jyr-hong, met with DIR on January 16 to discuss the current state of play in cross-strait negotiations. MAC staffers escorted DIR through a building side entrance to avoid a demonstration by legislators urging MAC to demand China repatriate Taiwan businessman Wang You-theng, who departed Taiwan for China in late December in the face of a major financial scandal involving his Rebar Group.

Wang You-theng

[1](#)3. (C) Wu expressed appreciation for USG information the previous day that Wang You-theng had arrived in the U.S., information which he immediately conveyed to the Premier. Taipei, he explained, is unhappy with Beijing treatment of the Wang repatriation request and on the sporadic state of cross-strait cooperation on criminal investigations in general. On the former, he said, Beijing had not even responded to Taiwan's request to repatriate Wang, but conversely may well have encouraged Wang to leave China for the U.S.

14. (C) This non-response, he charged, typified China's "random" cooperation with Taiwan on criminal investigation and repatriation matters. To date Beijing has handed over only around 100 of Taiwan's more than 700 requests for repatriation of Taiwan fugitives. This random cooperation, Wu complained, follows no set rules or pattern and "cannot be called good cooperation." Beijing, however, might be moving to repatriate one person allegedly involved in the January 2 USD 1.9 million robbery of a Wells Fargo armored car in Taipei. Taiwan, Wu continued, is pressing hard to regularize cross-Straits cooperation on criminal matters. Until Beijing concurs, however, the two sides will continue handling criminal repatriation requests under the 1991 Kinmen Accord. The 1998 Koo-Wang talks in Shanghai had moved cooperation one step forward by providing case-by-case cooperation, and now Taiwan is pressing for an agreement to regularize cross-Straits criminal cooperation.

Cross-Straits Negotiations: PRC Tourism

15. (C) Wu told DIR that the two sides have made considerable progress in negotiating an increase in PRC tourism to Taiwan since Wu last met DIR on December 5 (ref c). The first two rounds of technical meetings in Macao prior to December 5, he said, lasted only a couple of hours and "went nowhere." (Comment: Wu's statements to DIR on December 5 were actually far more positive; at that time he told DIR the first two meetings had gone well and predicted the tourism talks would reach agreement shortly after the Dec 9 mayoral elections. End Comment.)

16. (C) Conversely, the third technical meeting "ten days

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ago" lasted a full day, Wu told DIR, and made considerable progress. That meeting reached several agreements, including: 1,000 PRC tourists per day (vs. 2-3,000 proposed by Beijing); tourism by groups only; a USD 80-per person fee; and Taiwan and PRC tourist associations would sign a contract. Both sides agreed that overstaying tourists should be sent back to China, though China insists on unconditional return, while Taiwan wants flexibility (in the event of political asylum seekers, Wu explained). Other minor differences remain, such as the exact form of the visas and whether they will be issued in Beijing or Taipei. These can be worked out, Wu told DIR, because the two sides also made a decision to talk or meet every ten days. The next meeting will take place in Macao this weekend, Wu said, and he expects a final tourism agreement to be reached by March or April.

Cross-Straits Negotiations: Charter Flights

17. (C) Wu told DIR that passenger and cargo charter flights are the next logical step after PRC tourism. Beijing has agreed to combine the two, but wants passenger flights first, then cargo, whereas Taipei has the opposite preference but would settle for simultaneous agreements. This would build on the June 2006 agreement for charter flights around four Chinese festivals -- Lunar New Year (two weeks before and after New Year's day) and Tomb-Sweeping Festival, Dragon Boat Festival, and Mid-Autumn Festival (one week before and after each). Noting that this would automatically ensure ten weeks of direct cross-Straits charter flights, DIR asked whether the next step forward might be simply filling in the gaps. Wu laughed and said Taiwan is focusing on the idea of regular weekend charter flights. The current proposal is for 24-36 flights each weekend, but Wu acknowledged this would cover only a portion of the 4.1 million Taiwan people who visited China last year. (Comment: The Ministry of Transportation and Communication announced on January 15 that this year's Lunar New Year charter flights would consist of 96 flights beginning February 13 and ending February 26. End Comment.)

18. (C) Wu acknowledged that this year's Lunar New Year charter flights will be accessible only to Taiwan citizens and a small number of foreigners working for Taiwan firms. DIR urged that foreigners be permitted access to these and future charter flights, because direct cross-Straits flights would help Taiwan realize its goal of becoming a regional commercial hub. Wu responded that Taiwan had pressed to make the flights international, but Beijing has thus far refused, apparently believing this would make the flights even more one-sided in favor of Taiwan travelers. Eventually, DIR noted, Taiwan and the PRC should also permit third country carriers to participate in the direct cross-Straits charter business.

19. (C) Both sides have agreed to expand charter flight routes to include transiting Okinawa air space in addition to transiting Hong Kong and Macao air space, which would greatly reduce flight distances to Shanghai and Beijing, Wu told DIR.

However, they were not able to arrange this change in time for the upcoming Lunar New Year, in part, he explained, because expansion involves Japan, and Japan "has become more conservative." DIR noted that recent press reports of U.S.-Japan cooperation relative to Taiwan might also complicate these negotiations for Beijing. Taiwan authorities, he urged, should remain low key and not press their case for trilateral cooperation, as some Taiwan officials and scholars have done, since this would be seen in Beijing as provocative. The U.S., DIR continued, supports parallel rather than trilateral cooperation with Japan and Taiwan. When things quiet down, he noted, Taipei and Beijing might be able to re-start discussions on the northern route. In the meantime, Wu responded, the New Year charter flights will continue using existing air routes, which is not problematic. He acknowledged, however, that the festival charter flights are imbalanced with the bulk of passengers flying to Taiwan before the holiday and to China afterwards. Expanding PRC tourism, he said, offers one way to balance passenger traffic flow.

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10. (C) Wu stressed that it is the PRC, not Taiwan, which is blocking regular direct cross-Straits flights. Direct flights have been Taiwan policy since August 2003, Wu told DIR, requesting him to "please help us encourage Beijing to negotiate." Without making any promises on the Taiwan request, DIR responded that the U.S. is in favor of unrestricted cross-Straits trade and communication, seeing this as in Taiwan's own interest because it would increase Taiwan's competitiveness.

Chairman Wu's Visit to Washington

11. (C) Wu told DIR that he will visit Washington, D.C., February 6-9. He expressed the hope to meet as many U.S. officials as possible. DIR welcomed Wu's visit, stressing that many U.S. officials and academics will want to meet with him.

Comment: Wu, the Optimist

12. (C) In his meetings with DIR, MAC Chairman Joseph Wu usually comes off as an incorrigible optimist -- negotiations always seem to be progressing well and the next breakthrough is just around the corner. Last August, he insisted negotiations on tourism and charter flights were progressing well. In December, he predicted agreement on PRC tourism in the next couple of weeks. The only exception was his downbeat inaugural meeting with DIR in April 2006. (See refs a,b,c.) In his public statements to the Legislative Yuan and to the media, Wu has been similarly upbeat. At the same time, Wu has been always careful to stress that Taiwan is ready to move forward on a given set of negotiations and that

the ball is in Beijing's court. And certainly the MAC under Wu has been seriously pursuing cross-Strait negotiations, usually indirectly via unofficial organizations, as the landmark four-festival charter flight agreement last June demonstrated. But as often as not Wu's optimistic forecasts do not pan out -- most recently his tourism prediction. While the cross-Strait negotiations are tricky and contain plenty of opportunities for delay, there is something else at work in Wu's public and private optimism. He is unquestionably operating with the full approval of Premier Su and, presumably, President Chen. His optimism in part reflects his own -- and probably his boss's -- political need to portray cross-Strait negotiations positively in the face of growing KMT cross-Strait activism and criticism of government inaction.

YOUNG